IN THE

Supreme Court of the United States

OCTOBER TERM, 1955

No. 379

BAUSCH & LOMB OPTICAL CO.,

Petitioner,

v.

DEAN A. LYON,

Respondent.

REPLY BRIEF FOR PETITIONER

The Questions Presented

The "Questions Presented" are questions of law. They are raised by the several instances in which the Court of Appeals either failed to apply the settled and applicable law or applied it erroneously to the facts stated in its opinion.

These questions involve, as a matter of law, whether the decisions of this Court as to the standard of invention, during the twenty-five years before the 1952 Act, are in conflict with its earlier decisions and with Sec. 103 of the act itself (Petition, p. 6) and whether, as a matter of law, an admitted prior reduction to practice and non-secret commercial use of the claimed invention (by Cartwright) which the Courts below rejected only because it had been "a small scale commercial business" (Vol. II, D. A. 916a) not suffi-

ciently exploited and termed "in effect an abandonment," is knowledge or use or public use under Secs. 101 and 102 of the Patent Act of 1952 (Petition, p. 5).

Respondent's brief ignores or brushes aside these questions of law which arise solely by virtue of the misapplication of principles of law by the Court of Appeals to the facts as found and beyond dispute. Instead Respondent attempts to confuse the issue by arguing about and from Findings of Fact of the District Court (prepared by Respondent) and devotes a considerable portion of his brief to unfounded charges that Petitioner's statement of the case is inaccurate and misleading.

Question No. 1

This question is raised by that portion of the decision of the Court of Appeals (Petition, p. 11a) stating that

> "* * * it must be owned that, had the case come up for decision within twenty, or perhaps, twenty-five years before the Act of 1952 went into effect on January 1, 1953, it is almost certain that the claims would have been held invalid, * * *"

but in which the Court nevertheless held certain of the claims valid on the ground that it

> "* * * should construe Sec. 103 as restoring the law to what it was when the Court announced the definition of invention, now expressly embodied in Sec. 103, * * *."

By "definition of invention" the Court referred to the definitions of the standard of invention contained in the decisions of this Court prior to the twenty-five years before the Act. The definition in the Act is merely that even if the invention satisfies the conditions for novelty in Secs. 101 and 102 (Petition, p. 5) no patent may be granted if "the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in

the art" involved. The Court below expressed the opinion that this definition is consonant with the definitions in the earlier decisions of this Court and in that it was undoubtedly right. But it is impossible to find, and the Court below was unable to point out, in such language of the Act, any distinction between such earlier and more recent decisions of this Court.

The Court of Appeals clearly ruled that, but for its interpretation of the effect of Sec. 103, the patent in suit is wholly invalid for lack of invention. Respondent does not challenge the fact that the construction and effect given to Sec. 103 by the Court of Appeals is in direct conflict with the decisions of all other courts that have passed upon this question. See pages 16 and 17 of the Petition and the following additional cases:

Vincent v. *Suni-Citrus Products Co.*, 215 F. 2d 305, 315 (C. A. 5; 1954);

Torok v. *Watson, Commissioner*, 122 F. Supp. 788, 790 (D. C. D. C.; 1954);

Modern Art Printing Co. v. *Skeels*, 123 F. Supp. 426, 432 (D. C. D. N. J.; 1954);

Hughes v. *Salem Co-Operative Co., Inc.*, 107 USPQ 39, 43 (D. C. W. D. Mich. S. D.; 1955);*

Cold Metal Products Co. v. *Newport Steel Corp.*, 107 USPQ 59, 61 (C. A. 6; 1955);*

Seismograph Service Corp. v. *Offshore Raydist Corp.*, 107 USPQ 101, 110 (D. C. E. D. La.; 1955).*

The decision of the Court below, therefore, is conditioned on the determination of a question of law. If the recent decisions of this Court are to be modified and liberalized as to the strictness of application of the standard of invention, then the opinion of the Court below is that the patent meets the test of obviousness of Sec. 103, but if otherwise, then

*Not yet officially reported.

the Court below is of the opinion that the patent is invalid under that section of the Act. The decision below attempts no definition of the level of invention as between the earlier and recent decisions of this Court and points out that "'invention' became perhaps the most baffling concept in the whole catalogue of judicial efforts to provide postulates for indefinitely varying conditions."

The decision below thus raises a question as to a conflict between the earlier and the more recent decisions of this Court, and this conflict can only be settled by this Court.

Question No. 1 is not too general. Its importance is self-evident, particularly in view of the conflict of decision between the Second Circuit and the other courts, and in view of the fact that the standard of invention is a constitutional standard.

Question No. 2

Respondent represents Petitioner's position as assuming findings of invalidity of his patent and claiming a right to infringe, but that, of course, is not Petitioner's position.

Petitioner was not informed of any claim to patent rights by Respondent until served with written notice of the issue of the patent (Vol. III, P. A. 79a, 81a) on April 16, 1946. Respondent demanded what Petitioner regarded as exorbitant royalties under a burdensome system of computation. Petitioner was advised by counsel that the patent was invalid and declined a license. Suit was not brought until more than three years later on May 6, 1949.

Respondent had a right during such period to adjudicate its patent against Petitioner and Petitioner had an equal right to contest such adjudication, to show that the Patent Office was not authorized by law to issue such a patent and that it was invalid for lack of novelty and invention. The Court below was of the opinion that in any adjudication prior to the effective date of the Act of January 1, 1953, the patent would have been held invalid; or, in other words,

that the patent was validated by the Act and, in effect, reissued on that date as a valid patent.

While the Act may be retroactive to excuse defects of prior procedure, as in the past practice in obtaining reissues and filing disclaimers, Petitioner submits that it should not operate retroactively to amerce in damages for activities carried on rightfully without infringement of any valid patent. The Courts have long held that where a patent is altered by reissue, a party accused of infringement, by activities carried on in reliance on defects of the patent prior to reissue, cannot be subjected to damages and acquires intervening rights to continue such activities. This principle has now been enacted into statutory law in 35 U. S. C. 252 (Petition, p. 6).

Petitioner submits that should the decision below be affirmed, it should not be subjected to the injustice of an *ex post facto* change in substantive rights, but should at least be relieved of damages and allowed intervening rights analogous to the procedure in the case of reissues as now provided by the Act.

Question No. 3

This question is not too broad and relates to Question No. 1. The Court below held that, but for its interpretation of the effect of Sec. 103, the patent in suit is invalid. Accordingly this Question No. 3 is necessarily involved along with Question No. 1.

Respondent objects to this question on the ground that Petitioner misstates the facts of record relied upon in relation to it. This issue is created by the confusion as to the subject matter of the invention which has been thrown around it ever since it was confronted with the prior patents by the Patent Office Examiner. The idea designated and claimed as the invention by the patent is a method of coating with any "suitable coating material", including both light-reflecting materials (metal sulfides) for mirrors and also

light-transmitting materials (metal fluorides) for coating lenses to reduce reflection. Such light-transmitting coatings were acknowledged as old at the outset of the specification which designated the supposed novelty of the method as residing in the simple expedient of coating on hot as distinguished from cold glass. The purpose of heating the glass is described as the cleaning of the glass surface by evaporating off the surface moisture and grease and the production of a hard coating of fine crystaline structure.

The invention described and claimed is a method, i.e. a sequence of steps for coating with any "suitable coating material" including a wide variety of metal salts and oxides (both light-reflecting and light transmitting) specified as suitable for use in the method. The patent thus discloses and Respondent testified that the method is the same regardless of the coating material used (Vol. I, D. A. 70a, 76a). The coating material operated upon by the method, therefore, is no more a step of the method than the lens itself is a part of such method, or a part of any method by which it may be ground and polished. The claims sustained on appeal were all limited to use of the method with light-transmitting or metal fluoride coating materials, as the only distinction from the prior patents disclosing precisely the same combination or sequence of method steps for accomplishing the same results in coating mirrors with metals. The patent to Macksoud 2,217,228 (Vol. II, D. A. 788a, 791a, col. 1, lines 15-41) disclosed the same result in coating glass with metals using the same steps.

For this reason, Respondent has always referred to the method as limited to coating with such inorganic or metal salts, to the confusion of the Courts below. It will be noted that the opinions of both courts refer to the method as new only in use with such coating materials (Respondent's Br., pp. 1a, 4a-6a, 35a; Petition, pp. 3a-4a, 20a.) The main opinion of the Court of Appeals and that on rehearing, indicate that the Court treated the claims as covering such coating ma-

terial, as the distinguishing point of novelty. But that cannot be, because such coating materials had been exhaustively described in the prior patents, as applied in the same way except on cold glass (Cartwright et al. Nos. 2,207,656, 2,281,474-5, Vol. II, D. A. 779a, 806a, 811a). Original claim No. 12 to the optical element coated with such material (Vol. II, D. A. 563a) was rejected on such patents and cancelled and abandoned in the Patent Office (Vol. II, D. A. 563a, 578a, 597a).

Even under its confused view of invention and of the prior art, the Court of Appeals would have held the patent invalid for lack of invention except for its interpretation of the effect of Sec. 103.

The 1931 publication by Cartwright and Strong (Vol. II, D. A. 743a) was produced in connection with the requirements of novelty under Secs. 101 and 102 (Petition, p. 5), but it was completely ignored by the Court of Appeals. However, the District Court conceded in its opinion that this publication (not before the Examiner and not referred to in the Findings) does disclose "heating in vacuum * * * in connection with the deposition of silver on glass to make a reflective coating" (Respondent's Br., p. 6a). So this publication discloses still more pertinently the same sequence of steps and teaches its use with many materials including the light-transmitting "alkali halides" and "fluorite" (calcium fluoride) which are metal salts and metal fluorides. This publication is a complete anticipation in itself.

Petitioner's statements of facts in connection with this question are thus based on documentary evidence, Finding No. 40 (Respondent's Br., p. 35a) and the facts found in the opinions of the Courts below.

Question No. 4

This question involves, as a matter of law, a determination of what activities constitute prior invention, prior knowledge and use and public use, to negative novelty under the

requirements of Secs. 101 and 102 of the Act (Petition, p. 5). The 1952 Act merely reenacted the requirements of R. S. 4886, 35 U. S. C. 31, 1946 Ed., and it is not contended by either party that these requirements were changed by the 1952 Act.

This question is based on the facts that Cartwright did actually conceive and perform the entire steps of the claimed invention, did commercially coat lenses for pay by using those steps and made unrestricted disclosure of those steps to a potential competitor prior to Lyon's date of invention, as found by the Court of Appeals (Appendix to Pet., pp. 6a-8a). Respondent attempts to controvert these facts by the quotation, out of context, of sections of the Findings of Fact and opinions which cannot avoid, and indeed include, these essential facts.

Findings 27-30 (Respondent's brief, pp. 30a-31a) concede that Dr. Cartwright, who had published a description of the patented method in 1931 (as referred to above under Question No. 3) was an instructor in Physics at M. I. T. in 1939 and "carried on as a side line a small scale commercial business of coating optical elements". In the course of this business he carried on Respondent's patented method of coating with light-transmitting inorganic salts (magnesium fluoride) on lenses while heated in the vacuum by heating devices produced in evidence (Vol. II, D. A. 730a, 818a, 819a) which he devised for the purpose. This commercial work reached such a volume that he hired a student assistant, Clark, who also practiced the patented method in such work (Finding 29). When Clark left in 1940 for employment by a competitor of Cartwright's sponsor, Cartwright requested him not to inform the competitor of the method of coating on hot glass. There is no Finding of any other effort at secrecy by Cartwright.

Findings 31-34 (Respondent's brief, pp. 31a-33a) are devoted less to facts than to erroneous conclusions that since the commercial use of the invention by Cartwright and Clark

was "sporadic" and "limited in volume", Cartwright did not "appreciate the benefits of heating in the vacuum," nor "properly evaluate the results" obtainable thereby, and that his work, therefore, was an experiment and not an invention. No finding was made as to the unrestricted and complete disclosures and high evaluations made by Cartwright to his sponsor, Research Corporation, and to Dr. Hewlett of the General Electric Co.

The District Court's opinion conceded that Cartwright knew and used the patented method in 1939, and then said "These admissions pose important questions, i.e., whether Cartwright properly estimated the value of heating in the vacuum to harden the coatings, and * * * whether he brought it to light in the art and urged its adoption." The opinion proceeded to describe the commercial use of the patented method by Cartwright and Clark and Cartwright's recommendation of it to his sponsor. But the District Court adopted and followed the conclusion of the Findings referred to above that since such commercial use was only "sporadic" and "limited," Cartwright did not "appreciate" nor "properly evaluate" the invention, and was not a "first inventor". The opinion of the District Court is singularly bare of the pertinent citation or discussion of relevant authorities and principles of law relating to reduction to practice, prior invention, prior knowledge and use and public use. It failed to apply the requirements for novelty imposed by Section 4886 or Secs. 101 and 102.

The Court of Appeals found from the record that Cartwright conceived the patented method and practiced it with such success and satisfaction that he recommended it in a written report to his sponsor (Vol. II, D. A. 734a, Deft's. Exh. D-31-A) and supplied sample coatings and recommended it without any secrecy restriction (Petition, p. 7a) to Dr. Hewlett of the General Electric Co. who communicated this disclosure in a written report to his company (Vol. II, D. A. 714a, Deft's. Exh. D-25-C). The Court further found that Cartwright carried on a commercial business of coating

lenses at M. I. T. of such proportions as to require the employment of Clark and that he continued the business later with the help of his wife as a technical assistant, while employed by the Corning Glass works. "It resulted in a substantial income, at times amounting to $3000 a year, and many, though not all of the lenses were coated while hot" (Petition, p. 8a). The undisputed testimony (with no finding to the contrary) is that there was no complaint with respect to any of the coatings of any of the lenses coated by Cartwright (D. A. Vol. I, 124a, 156a, 280a). The Court found that this work was a public use, if "neither experimental, secret, nor abandoned"; concluded that it was neither experimental nor secret; and agreed with the District Court only to the extent that Cartwright failed to appreciate and properly evaluate the idea and therefore "abandoned his discovery as soon as it emerged from the stage of experiment."

When Cartwright's discovery "emerged from the stage of experiment," it was put into commercial use, and thus was no longer an experiment but a completed reduction to practice and invention in actual public use. Such prior invention, knowledge and use, even if later abandoned, were just as much a bar to later inventors, under Secs. 101 and 102 of the Act, as if there had been no abandonment.

The decision of the Court of Appeals is directly contrary to the decisions of this Court and the innumerable conforming decisions of the lower Courts as pointed out in the Petition.

The Statement of the Case

Respondent accuses Petitioner of failing to state and of misstating material facts. The facts referred to by Respondent are not regarded as relevant or material and are presented largely by excerpts taken out of context and tend to be misleading. It is not believed that an extensive discussion of them is in order at this point, or would be helpful

in consideration of the applicable principles of law, the documentary evidence, or the opinions below on which Petitioner relies. Respondent states, for example, that "The trial Court's findings were unanimously affirmed by the Court of Appeals." The fact is that the case was tried in 1952 and briefed, argued and decided in the District Court, without reference to the effect of the Act which became effective January 1, 1953. The Court of Appeals reversed the trial Court's holding of validity as to claims 1, 2, 4 and 5 and unless the Court of Appeals is correct in holding that the 1952 Act has changed the law, it was of the opinion that the trial Court should be reversed altogether.

Again, Respondent objects to Petitioner's statement that there was no long felt want in the art for the patented method. The facts are that while Cartwright and Strong, in their 1931 publication, had disclosed the coating of hot glass in a vacuum with both metals and metal salts, it remained for Cartwright and Turner, in 1939, to publish the basic characteristics of thickness and refractive index of the coating and optimum coating materials for light-reflecting coatings before the art was informed of the practical utility and availability of such coatings, thereby creating the first desire for their use. This was done in their three patents of record and the current technical literature (Vol. II, D. A. 835a). Dr. Sanderson, of Respondent's own Navy Department section, said as to this (Vol. II, D. A. 609a):

> "While the optical phenomena upon which the action of films depends and the method by which they are prepared have long been familiar, it remained for Cartwright and Turner to achieve practicability for the process by demonstrating that optical instruments so treated would stand ordinary usage and show greatly improved performance over similar untreated instruments. Much of the information included in this report was obtained during the period of a month that Dr. Cartwright spent in residence at this laboratory."

Light-transmitting (reflection-reducing) films were a new art in 1939, and that fact induced adoption by the Navy at that time. Quickly after his employment in January, 1941, Respondent gleaned the information from the art and, as he explained to a colloquium of the optical industry, he "stumbled upon that *old idea* of heating the elements in a vacuum" (Vol. II, D. A. 627a).

Respondent charges Petitioner with misleading use of the term "preheating" as at page 8 of the Petition which refers to "* * * heating the lens, before being coated in the vacuum (preheating) * * *." This was plainly a use of the term in the same sense as in Respondent's patent specification which refers to the known cleaning step of baking the lens "in an ordinary oven" outside the vacuum chamber. The term was so understood and employed by all, throughout the record, and by both Courts, without any confusion whatever.

The statement in the Petition at page 8 that it was a known practice to heat the lens while coating it in the vacuum with a light-transmitting material, is based upon Cartwright's 1931 publication and upon the opinions of both Courts that he reduced such method to practice, described it in current documents of record in the case and used it in a commercial business. It will be noted that the statements to the contrary in reference to the prior patents and publications, by the Courts below and by Respondent, are limited to use of the method with light-transmitting or inorganic salts as pointed out above (p. 7). Petitioner relies upon the 1931 publication to speak for itself (Vol. II, D. A. 746a).

The statements of the Petition as to the Patent Office record are based upon the file wrapper in evidence (Vol. II, D. A. 552a-602a), which likewise speaks for itself.

The statement in Petitioner's Answer to the complaint as to the laxity of the Navy Department, in not claiming title to the invention for the Government, was prepared by counsel on Respondent's testimony as to the circumstances of his employment and the subsequent official investigation by the

Department of Justice and the President's Order correcting the practice.

Petitioner's description of the function of the patented method as cleaning the glass, was based upon the corresponding statements in the Respondent's patent specification. Respondent had stated in addressing a colloquium of the industry that he was unable

> "* * * to separate tenacity and hardness when talking about a film which is only four one millions of an inch thick * * *" (Vol. II, D. A. 630a).

If such hardening of the coating was an additional function of the method, Respondent offered no test data to prove the fact and submitted no sample of his coated product even for inspection by the Court. In any case the same function had been disclosed in coating with metals (Macksoud Patent 2,217,228, Vol. II, D. A. 791a, col. 1, lines 38-41).

As regards reference of the District Court to Cartwright's 1931 publication, the Court said: "The reference to the use of heating in vacuum is in connection with the deposition of silver on glass to make a reflective coating," and this was said with reference to the exemplary description of application of the method to one of the many materials disclosed therein, notwithstanding the fact that the publication described the method as useful for many materials including metal fluorides.

The Court of Appeals, when referring to the novelty of Lyon's heating step, was discussing only coating with light-transmitting material, as shown by the context, and the very statement quoted by Respondent shows that the Court overlooked Cartwright's 1931 publication which discloses the use of the method with such materials.

The opinion of the Court of Appeals was very clear and positive that Cartwright did use the patented method in a commercial business and that such use was neither experimental nor secret, but abandoned "as soon as it emerged

from the stage of experiment", as referred to above in connection with Question No. 4. The disregard by the Court of Appeals of the documentary proofs of lack of novelty under Secs. 101 and 102 of the Act, have been discussed above in connection with Questions 3 and 4.

The District Court found that Petitioner was required to use the patented method in supplying the optical requirements of the Government; Petitioner did not use the process in non-governmental work until after the issue of Respondent's patent at which time Petitioner was first informed of Respondent's claim to patent rights (Finding of Fact No. 45 and Conclusion of Law No. 8, Respondent's Br. pp. 36a, 37a). Respondent's claim of unfair competition was dismissed by the District Court as wholly unfounded. Respondent took no appeal and that issue is surely foreclosed against prejudicial reargument in this procedure.

The Petition should be granted, for consideration and suitable disposition of the case by this Court.

Respectfully submitted,

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DEC 2 9 1955

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SUBJECT INDEX

	PAGE
Reasons for Granting Rehearing and Issuing the Writ..	2
1. The Widespread Interest in the Decision Below....	2
2. The Decision Below Conflicts with Decisions in the Ninth Circuit.....	3
3. The Decision Below as to Retroactivity Has Been Relied on by the Court of Appeals for the Seventh Circuit and Is in Conflict with Other Circuits.....	5
4. Nothing in the Legislative History Supports the Decision Below	7
5. The Standard of Invention Is a Constitutional Standard	9
Conclusion	10

TABLE OF AUTHORITIES CITED

Cuno Engineering Corp. v. Automatic Devices Corp., 314 U. S. 84	8, 9
Diebold, Inc. v. Record Files, 114 F. Supp. 375.....	6
Fritz W. Glitsch & Sons v. Wyatt Metal & Boiler Works, 106 USPQ 162.....	9
General Motors Corp. v. Estate Stove Co., 203 F. 2d 912 .....5, 6, 9	
Great Atlantic & Pacific Tea Co. v. Supermarket Equip. Co., 340 U. S. 147	9
Hartley Pen Co. v. Lindy Pen Co., 16 F. R. D. 141.....	7
Hazeltine Research, Inc. v. Avco Mfg. Corp. et al., 107 USPQ 187	6
Hotchkiss v. Greenwood, 52 U. S. (11 How.) 248.....	2, 8
Mercoid Corp. v. Mid-Continent Invest. Co., 320 U. S. 661	9
Morton Salt Co. v. G. S. Suppiger Co., 314 U. S. 488.....	9
Pierce v. Muehleisen, 226 F. 8d 200	4

PAGE

Seismograph Service Corp. v. Offshore Raydist, Inc., 107 USPQ 104 ..... 9, 10

Thys Co. v. Oeste, 111 F. Supp. 665; 219 F. 2d 131..... 4

STATUTES

Act of July 19, 1952 ..... 1, 2, 5, 7, 8, 9, 10

Sec. 4 (a) 5, 6

Sec. 5 ..... 1, 6

35 U. S. C. Sec. 103 ..... 2, 5, 7, 8

Constitution, Art. I, Sec. 8..... 9

APPENDIX

Excerpts from Proceedings before the United States Senate Sub-Committee on Patents, Trademarks and Copyrights of the Committee on the Judiciary..... 1a

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Petitioner prays that this Court grant rehearing of its Order of December 5, 1955, denying the Petition for Writ of Certiorari and that a Writ of Certiorari issue to review the judgment of the Court of Appeals for the Second Circuit in the above entitled case limited to Questions 1 and 2 as set forth and as prayed for in the Petition filed September 9, 1955, herein.

Questions 1 and 2 present the essential issues of whether or not the Patent Act of 1952 provides a different and lower standard of invention than that existing and applied just before its effective date and, if so, could there be any valid retroactive effect of that Act, particularly in view of the provisions of Section 5 of the Enabling Act (see pages 3, 6-7, 14-19 of the Petition for Writ of Certiorari, etc., and pages 10a-15a of the Appendix thereto).

Reasons for Granting Rehearing and Issuing the Writ

1. The Widespread Interest in the Decision Below.

The decision below has aroused widespread interest, inquiry and comment. The decision below aroused the interest of the Sub-Committee on Patents, Trademarks and Copyrights of the Senate Committee on the Judiciary, and pertinent portions of the proceedings thereof dealing with the decision below and the Patent Act of 1952 are printed in the accompanying Appendix to this petition.

Judge Learned Hand, in his testimony before this Sub-Committee, made reference to the case of *Hotchkiss* v. *Greenwood* (1850; 52 U. S. (11 How.) 248), and stated (p. 3a of the Appendix hereto):

> "I suppose that was what lay behind the construction of the old rule that it had to be more than use. It was entirely judge-made. There was not a syllable in the statute at that time. Some of the syllables have come into the statute recently but we don't know yet quite what they mean."

Later on, in response to a question by the Sub-Committee counsel, directed to his decision in the present case, Judge Hand stated (pp. 3a and 4a of the Appendix hereto):

> "Now when the Congress passed the Act, whether we were right in construing it as meaning that the old rules were to apply, remains to be seen. I hope the case will go up."

Others before the Senate Committee expressed conflicting views about the effect of Section 103 (compare the statement of Mr. Robertson with that of Mr. Bruninga, pp. 5a, 6a of the Appendix hereto).

Counsel for Petitioner has been requested to supply records for the preparation of articles and comments published and to be published in the following Law Reviews:

Harvard Law Review
Columbia Law Review
Northwestern University Law Review
Wayne Law Review
State University of Iowa Law Review.

The only article published to date is that contained in the Harvard Law Review, Volume 69, No. 2, December 15, 1955, where the writer commented in reference to the decision below and Section 103 of the Act as follows:

> "The legislative history seems to indicate that the authors of the Act looked to Supreme Court opinions when they drafted a section which 'provides a condition which exists in the law and has existed for more than 100 years, but only by reason of decisions of the courts.' H. R. Rep. No. 1923, 82nd Cong., Second Sess. 7 (1952). It is difficult to see why Congress would adopt the standard utilized by the Supreme Court and at the same time would tacitly repudiate the court's recent application of that standard."

This decision has already been hailed by some as lowering the established standard of invention defined by the decisions of this Court during the last twenty-five years.

The Bulletin of the American Patent Law Association for July-August, 1955, featured an article (page 268) about this case and referred to the decision as adding "a bright new star to the firmament of decision law".

2. The Decision Below Conflicts with Decisions in the Ninth Circuit.

Since the filing of the Petition for Writ of Certiorari herein on September 9, 1955, a decision of the Court of Appeals of another Circuit has been reported which is in conflict with the decision sought to be reviewed and is in especially direct conflict because involving the same issue of law arising from similar facts. This is the decision

in *Pierce* v. *Muehleisen*, 226 F. 2d 200 (C. A. 9, Oct. 3, 1955), where the patent claimed a method of treating a mineral material and the alleged novelty resided in a heating step, similar in that respect to the present invention. The Court found that it was old to use the same method for treating analogous materials and the Court, after quoting Section 103, held the patent invalid under that section for lack of invention. The Court said (p. 204):

> "We do no more than recite a well established rule of law when we say the application of an old process to analogous material of foreseeably similar character is not a sufficient contribution to the science to justify the award of a patent monopoly. It is only the achievement of the inventive faculty, as opposed to the product of the exercise of ordinary professional skill, that entitles the researcher to a patent. 35 U. S. C. A. § 103, Mandel Bros. v. Wallace, 335 U. S. 291, 69 S. Ct. 73, 93 L. Ed. 12; General Electric Co. v. Wabash Appliance Corp., 304 U. S. 364, 58 S. Ct. 899, 82 L. Ed. 1402; see also, Standard Brands v. National Grain Yeast Corp., 308 U. S. 34, 60 S. Ct. 27, 84 L. Ed. 17; Paramount Publix Corp. v. American Tri-Ergon Corp., 294 U. S. 464, 55 S. Ct. 449, 79 L. Ed. 997; and, Pennsylvania Railroad Co. v. Locomotive Engineer Safety Truck Co., 110 U. S. 490, 4 S. Ct. 220, 28 L. Ed. 222."

In the above decision the Court thus cited both recent and earlier decisions of this Court as unchanged by Section 103.*

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*This same Court in *Thys Co. et al.* v. *Oeste*, 219 F. 2d 131, January 25, 1955, had earlier affirmed the decision of the District Court in that case, reported at 111 F. Supp. 665, 673, 674, February 25, 1953, stating with reference to Section 103:

> "It is difficult to perceive how the plaintiffs can gather comfort from either this section or the Reviser's Note thereon. It would seem that Congress here has clearly indicated that it did not intend to lower the standard of invention which obtained before the new codification—'since at least as early as 1850.' The purpose of the new revision, as the Reviser's Note points out, is not to *revolutionize* but to 'stabilize' existing law."

The Court below found (as did also the District Court) that the same sequence of steps of coating in vacuum on hot glass was an old practice in applying metal coatings to a glass surface, and that in the claimed method of the patent in suit the same sequence of steps is employed except that the glass surface (of the optical element) is coated with the old and well-known light-transmitting salts in place of metal (pages 3a-5a of Appendix to Petition for Writ of Certiorari, etc.). On these facts stated and accepted by the Court below, it held that "had the case come up for decision within twenty, or perhaps, twenty-five years before the Act of 1952 went into effect on January 1, 1953, it is almost certain that the claims would have been held invalid" (page 11a *id.*).

The Court below, to save Respondent's patent, construed Section 103 in an unrealistic way as a "codification" of only the earlier decisions of from twenty-five to one hundred years ago, and not of "existing law" as held in the decisions directly to the contrary in the Ninth Circuit and other Circuits (see above and pp. 16 and 17 of the Petition for Writ of Certiorari, etc.)*.

3. The Decision Below as to Retroactivity Has Been Relied on by the Court of Appeals for the Seventh Circuit and Is in Conflict with Other Circuits.

Section 4(a) of the Enacting Statute made the Patent Act effective from January 1, 1953 and provides "It shall apply to unexpired patents granted prior to such date except as otherwise provided". The exceptions include Section 5, which enumerates the repealed sections of the prior patent laws and provides that "Any rights or liabilities now existing under such sections or parts thereof shall not be affected by this repeal". See page 7 of Petition for Writ of Certiorari, etc.

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*For example, in *General Motors Corporation* v. *Estate Stove Co.* (C. A. 6; 1953), 203 F. 2d 912, Cert. den. 346 U. S. 822), the Court there ruled that the 1952 Act "did not provide a new test differing from that which has been generally followed * * *" (p. 915).

The Court of Appeals for the Seventh Circuit in *Hazeltine Research, Inc.* v. *Avco Manufacturing Corp. et al.* (decided Oct. 31, 1955), 107 USPQ 187*, and citing Section 4 (a) and the decision below, without referring to or considering Section 5, gave retroactive effect to the Patent Act of 1952.

This recent decision of the Court of Appeals of the Seventh Circuit and the decision below are in direct conflict with decisions in the Sixth Circuit and the Fifth Circuit. In *General Motors Corporation* v. *Estate Stove Co., supra,* the Court of Appeals for the Sixth Circuit cited and relied upon the earlier decision of the Fifth Circuit by stating and holding, at page 917, as follows:

> "We are of the opinion that the new Act does not apply to our adjudication of this case. In Texas-Miller Hat Corp. v. Switzer Bros. Inc., 5 Cir., 201 F. 2d 824, 825, where the court of appeals reversed the district court's holding of validity and infringement in a case tried before the effective date of the new Act, it was said:
>
> > " 'The newly enacted Patent Codification Act did not go into effect until Jan. 1, 1953, and has no application to the present case. See last sentence of the new act, Sec. 5, which preserved existing rights under repealed sections.' "

In *Diebold, Inc.* v. *Record Files* (D. C. N. D. Ohio, E. D.; 1953), 114 F. Supp. 375, 376, the Court stated and held:

> "The application of the Patent Codification Act to pending suits and suits on unexpired patents instituted after January 1, 1953, its effective date, must depend upon the particular section of the Act invoked and whether the facts giving rise to a new claim or defense under the Act occurred after its effective date. * * * The constitutional principle of due process prohibits the retroactive application of the new statute and a resulting invalidation of the plaintiff's patent claims."

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*Not yet officially reported.

See also *Hartley Pen Co.* v. *Lindy Pen Co.* (D. C. S. D. Cal.; 1954) 16 F. R. D. 141, 145.

The writer of the opinion below, Judge Learned Hand, before the Senate Sub-Committee, recognized the presence of the constitutional issue involved in giving Section 103, *as the Court below interpreted it*, a retroactive effect, and conceded the distinct possibility that the decision below might well be wrong and added (see p. 5a of the Appendix):

> "Well, perhaps, we were wrong. I await the final wisdom on that. We say no, no. 'You took a chance when you infringed that claim. What the test would be of invention. That had not any of the certainties on which you might rely which is back of the taking of property without due process.'
>
> "I await with great interest what the result will be, what it eventually will be on that subject."*

The decisions of the Second and Seventh Circuits are in direct and confusing conflict with the above decisions of the Fifth and Sixth Circuits and of the District Court in the Ninth Circuit on the important question of retroactivity of the Patent Act of 1952. These decisions raise the further important question of whether or not the effect of the decision below and that of the Seventh Circuit is an unconstitutional denial of due process requiring settlement and correction by this Court.

4. Nothing in the Legislative History Supports the Decision Below.

The legislative history of Section 103 shows that Congress did not intend to change the standard of invention as

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*In this connection it should be noted the decision below first holds that under the existing law prior to the Act the patent would almost certainly have been held invalid and then thereafter inconsistently denies the right of petitioner and other defendants, in pending and prospective actions on expired patents, issued prior to the effective date of the Act, to a similar appraisal of and reliance upon that existing law by awarding damages *ex post facto*.

it had been defined by the decisions in this Court at the time of the passage of the Act. Indeed the decision below acknowledged that this Court has never "substituted any other definite test" than that established in *Hotchkiss* v. *Greenwood, supra,* and recognized and applied again in *Cuno Engineering Corp.* v. *Automatic Devices Corp.,* 314 U. S. 84, 91.

The reports of the Committees on the Judiciary of the Senate and the House contained identical descriptions of Section 103 of the bill (H. R. 7794) which became the Act, the pertinent portions of said reports reading as follows:

> "Section 103, for the first time in our statute, provides a condition which exists in the law and has existed for more than 100 years, but only by reason of decisions of the court. An invention which has been made, and which is new in the sense that the same thing has not been made before, may still not be patentable if the difference between the new thing and what was known before is not considered sufficiently great to warrant a patent. That has been expressed in a large variety of ways in decisions of the courts and in writings. Section 103 states this requirement in the title. It refers to the difference between the subject matter sought to be patented and the prior art, meaning what was known before as described in section 102. If this difference is such that the subject matter as a whole would have been obvious at the time to a person skilled in the art, then the subject matter cannot be patented.
>
> "That provision paraphrases language which has often been used in decisions of the courts, and the section is added to the statute for uniformity and definiteness. This section should have a stabilizing effect and minimize great departures which have appeared in some cases."

The revision notes in the appendix to both reports state, as to Section 103:

> "There is no provision corresponding to the first sentence explicitly stated in the present statutes, but

> the refusal of patents by the Patent Office, and the holding of patents invalid by the courts, on the ground of lack of invention or lack of patentable novelty has been followed since at least as early as 1850. This paragraph is added with the view that an explicit statement in the statute may have some stabilizing effect, and also to serve as a basis for the addition at a later time of some criteria which may be worked out."

The decisions, such as, for example, *General Motors Corp.* v. *Estate Stove Co., supra,* and others cited at pages 16 and 17 of the Petition for a Writ of Certiorari, reviewed the legislative history, noting the sections of the report and revision quoted above, and directly held that the Patent Act of 1952 provided no new test differing from that which had been applied just prior to the effective date of the Act.

5. The Standard of Invention Is a Constitutional Standard.

The power of Congress to enact laws relating to patents is derived from the Constitution.* The standard of invention has been termed a constitutional standard. *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.* (1950), 340 U. S. 147, 154-6; see also *Cuno Engineering Corp.* v. *Automatic Devices Corp.,* 314 U. S. 84, 91; *Morton Salt Co.* v. *G. S. Suppiger Co.,* 314 U. S. 488, 492; *Mercoid Corp.* v. *Mid-Continent Investment Co.,* 320 U. S. 661, 665.

In the Fifth Circuit the Court of Appeals had held Section 103 had not changed the standard of invention in *Fritz W. Glitsch & Sons* v. *Wyatt Metal & Boiler Works* (1955), 106 USPQ 162, 164-5. In line with that decision the District Court of that Circuit in *Seismograph Service Corporation* v. *Offshore Raydist, Inc.,* 107 USPQ 104, 110 (D. C. E. D. La., 1955—not yet officially reported), held as follows, citing in support the *A. & P. case* (340 U. S. 147, 154-6; 1950):

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*Art. 1, sec. 8. "The Congress shall have power . . . To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

"This standard of patentability is apparently an effort to state in statutory form what the Supreme Court has held in many cases [citing both recent and earlier decisions]. If it is an effort, as has been suggested [citing *Lyon* v. *Bausch & Lomb*, 2 Cir., June 20, 1955, 106 USPQ 1], to reduce the standard of invention as recognized by the Supreme Court, then that effort must fail for the reason that the Supreme Court is the final authority on the constitutional standard of patentability."

CONCLUSION

The decision below has created widespread interest and has created confusingly conflicting standards of invention and conflicting decisions as to the retroactivity of the Patent Act of 1952 among the different circuits. This confusion and conflict on one of the most important issues in patent law will inevitably grow unless settled now by this Court.

For the reasons set forth above and in the Petition for Writ of Certiorari, it is respectfully urged that rehearing be granted and that, upon such rehearing, a Writ of Certiorari issue to the Court of Appeals for the Second Circuit limited with respect to Questions 1 and 2.

Respectfully submitted,

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I hereby certify that the foregoing Petition for Rehearing is presented in good faith and not for delay and is restricted to grounds specified in Rule 58(a).

Respectfully submitted,

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Counsel for Petitioner

APPENDIX

Excerpts from Proceedings before the United States Senate Sub-Committee on Patents, Trademarks and Copyrights of the Committee on the Judiciary

[163] Tuesday October 11, 1955

United States Senate,

Subcommittee on Patents, Trade-Marks and Copyrights, of the Committee on the Judiciary,

Washington, D. C.

The subcommittee met, pursuant to recess at 10:15 o'clock a. m., in Room 318, Senate Office Building, Senator Joseph C. O'Mahoney (chairman of the subcommittee) presiding.

Present: Senator O'Mahoney (presiding).

Also present: Robert C. Watson, Commissioner, and P. J. Federico, Chief Examiner, United States Patent Office; Julian Caplan, Counsel, and John Stedman, Associate Counsel.

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[234] AFTERNOON SESSION

2:00 P. M.

Senator O'Mahoney. We are going to have the great privilege of having the testimony this afternoon of one of the greatest judicial minds of certainly my generation and though Judge Hand was good enough to call me young man this noon, I have viewed a good part of the generation in which he has lived from the cradle, not yet to the grave.

We are happy indeed, Judge Hand to have you here. I wish I could properly summarize the testimony which has been given in what amounts to an open forum. We have invited every participant to speak his mind freely, to interrupt when he felt he had something worthwhile to present

by way of interruption in order that we may lay out upon the table here as fully and frankly as possible the problem of patents in the modern world.

We have had suggestions that Congress should make bigger and better appropriations to maintain the Patent Office, suggestions that there should be improvements in the administration of the Patent Office. More serious suggestions have come to the effect that the small investor is now pitted against an organized antagonist, which it is difficult for him to contend with, namely the organized research labs and the great corporations which play so large a part in the modern economic scene. But the Patent Office, the Congress, the Corporations, the research labs, have not been alone in the [235] criticism which has been suggested here. Even the courts have been criticized and it has been said by several of our participants that what the patent needs above all things is a more definite and rigid, perhaps rigid, but at any rate a more definite and clear definition of what an invention is.

The suggestion has been made that until that definition is presented in statutory form, the Supreme Court will be the judge of whether or not any discovery is patentable and that because the court has been showing a tendency to hold patents invalid, something ought to be done but nobody has spoken definitely about what that something should be.

We are hoping that out of your long experience and your very lucid decisions, you may make some contributions to us that will raise the curtain so to speak and help us to gear the patent law to the modern world.

* * * * * *

[244] Judge Hand * * * You know the difference formally the courts have described, substantially the same means producing substantially the same result. I don't think that would be an objection. At least it would avoid a great deal of the animosity that has surrounded patents nearly always.

I suppose it was the feeling of that which made the Supreme Court in whatever it was, 1955—you know when it was.

Mr. Caplan. Hotchkiss versus Greenwood.

Mr. Federico. 1950 [sic. 1850].

Judge Hand. I suppose that was what lay behind the construction of the old rule that it had to be more than use. It was entirely judge-made. There was not a syllable in the statute at that time. Some of the syllables have come into the statute recently but we don't know yet quite what they mean.

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[254] Senator O'Mahoney. Mr. Caplan, would you care to take up the questioning at this point? I know well enough to stop questioning when I have a favorable answer.

Mr. Caplan. You put me in a terrible spot.

Well, we were interested, Judge Hand, in your recent decision as to the effect of the codification act upon the standard of invention.

Judge Hand. You mean Lyons against Bausch and Lomb?

Mr. Caplan. Yes.

Judge Hand. I was interested too.

Mr. Caplan. I appreciate the fact of your limitations upon your commenting upon that case.

Judge Hand. All right, the comment on it now is it is done. It is in the hands of higher powers.

Mr. Caplan. The particular sentence was the statement [255] that "On the other hand it must be owned that had the case come up for decision within 20 or perhaps 25 years before the Act of 1952 went into effect on January 1, 1953, it is almost certain that the claims would have been held invalid." I wonder if you had any comment upon that tendency in the last 20 to 25 years?

Judge Hand. Yes. We have been pretty frank about that in the Second circuit. You will see a lot of cases there that

I dug up or my law clerk did. I read them after he did. It was pretty well accepted, I think, that perhaps 20 or 30 years ago was not the right time but it is about that, that the court, the Supreme Court had adopted a very much stiffer rule about what was invention. I think it began first with Justice Brandeis. He was quite set against patents.

It seems to me it was in the carbon dioxide case. I think I was in the case. Judge Swan wrote the opinion. I should think that was all of 20 years ago. It might be more. That was the first sign as we understood that we should watch our steps and be more severe about what was an invention.

As it went on, we thought in the Second Circuit that that tendency was becoming more and more fixed and although I think or a good many people thought before that we were much too easy about patents, after all we were there to take our orders as we understood them and we understood that we were to be very strict, very severe.

[256] There was a case I know about the making of molding silver. The Jorgenson case. I wrote the decision and it was affirmed. And Justice Jackson said now the only patent that can be said to be good is one that has not reached this court. I thought that showed at least he thought we had fairly well interpreted the Supreme Court. People have said we don't go to you any more because you are so tough on patents. You used to be a friend of patents and now you are perfectly terrible. But we were doing what we thought our orders were.

Now when the Congress passed the Act, whether we were right in construing it as meaning that old rules were to apply, remains to be seen. I hope the case will go up.

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[283] Senator O'Mahoney. Thank you, Mr. Levy. Mr. Robertson has another question. I think that this will be the last one that we will propound to you, so that you may catch your train.

Mr. Robertson. I was concerned with the difficulty of getting the courts to effectuate what I think was a congressional [284] intent under Section 103 to go back to or at least towards the old standard of invention.

When the courts first had Section 103 to interpret they had cases before them which had begun before the act came into force.

Very often they have cases in which the defendant began his practice before the new act came into force.

I am wondering if you feel that it would help the courts accept the changed standard of invention if Congress should provide for something in the nature of intervening rights to protect the defendants who began their activity prior to the effective date of act?

Judge Hand. Well, it so happens in a case that was in our circuit, called Lard vs. Bausch & Lomb, I wrote the opinion where we dealt with that question, and it was argued by the defense very strongly that this is practically taking my liberty without due process of law because, "I had reckoned on the strictness of the old doctrine which you say was changed." That is what they are saying to me. And to which we said, "Yes. The Supreme Court has actually changed it."

And they say, "You cannot take away my reasonable interpretations of the old law by changes ex post facto."

Well, perhaps, we were wrong. I await the final wisdom on that. We say no, no. "You took a chance when you infringed that claim. What the test would be of invention. That had not [285] any of the certainties on which you might rely which is back of the taking of property without due process."

I await with great interest what the result will be, what it eventually will be on that subject.

Senator O'Mahoney. Judge Hand, it is now 3:41. I regretfully excuse you from the witness stand. We are very grateful to you.

Judge Hand. Thank you very much. It has been very fine.

Senator O'Mahoney. If you would see fit to write a paper to us, we would very much be indebted to you.

Judge Hand. I do not believe I could do that. If I came back and said that I promised to write a paper there would be trouble at home. (Applause.)

Senator O'Mahoney. Mr. Bruninga, will you proceed now? I am sorry to have interrupted you. However, you were not dealing with what the judge had said.

Mr. Bruninga. There was one question that I did want to ask the judge. What are you going to do about those Supreme Court decisions in spite of Section 103?

It seems to me there has to be a distinct amendment to the patent statute to wipe out those Supreme Court decisions. I am talking right point blank.

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